



To: IFA Board of Directors
From: Amber Lewis
Date: June 16, 2014
Re: Additional Proposed Amendments to Chapter 41 Shelter Assistance Fund Rules, Based on Public Comments Received

Background:

IFA administers the statewide allocation of grants for the Shelter Assistance Fund (SAF), which provides assistance for the rehabilitation, expansion, or costs of operations of group home shelters for the homeless and domestic violence shelters. The SAF program is funded each year with five percent of proceeds from the Real Estate Transfer Tax. For the current 2014 program year, 25 service providers received grants totaling \$945,385.

IFA is proposing amending the State Shelter Assistance Fund (SAF) administrative rules for the following reasons:

- Clarify the activities eligible for SAF funding and better align the rules with the statute.
- Bring the rules in closer alignment with the federal Emergency Solutions Grant program.
- Gain the ability to use a significant portion of the SAF funds to offset our federally required 1:1 match for the Emergency Solutions Grant program.

Public Hearing/Proposed Changes:

IFA issued proposed administrative rules changes to SAF through a Notice of Intended Action that was published on May 14, 2014. Public comments were accepted for three weeks, ending June 3, 2014. IFA reviewed all comments received and is recommending two additional changes based on those comments. The additional recommended changes to the final rules are:

Item 4 – Amend Definitions.

Add an allowance to the new definition of Homeless Shelter to allow any program funded in federal fiscal year 2010 to provide Shelter under the ESG program or received a SAF award, to continue to be eligible to receive SAF funding to provide Shelter. This provides a “grandfather clause” for transitional shelter/housing programs, and is consistent with ESG rules.

Item 10 – Matching Contributions.

Add clarifying language to indicate that the designation of SAF funds as ESG matching contributions does not change the amount, type, or recipient of any award; rather, it solely impacts a SAF grantee’s potential to use SAF grant funds to meet the matching requirement of any other grant program.

Section-by-Section:

A summary of the previously board approved changes in the rules are included below, for reference.

Item 1 – Purpose.

Align with 2011 Iowa Code change allowing funds to support data system.

Item 2 – New Definitions.

Add new definition for “Program Participant.” The definition adds clarity to the meaning of the rules.

Item 3 – Strike Definitions.

Eliminate definitions that are no longer needed with the other changes in the rules, including “Emergency Shelter,” “Homeless Prevention,” “Operations,” “Subrecipient,” and “Transitional Housing.”

Item 4 – Amend Definitions.

Amend the majority of the definitions to make technical changes.

Amend the definition of “Homeless Shelter” to align with changes in HUD’s definition of emergency shelter. Add the requirement that eligible homeless shelters may not require program participants to sign occupancy agreements or leases. This may exclude some transitional housing/shelter providers that previously qualified as providing shelter. This is in line with changes made in 2012 to HUD’s rules for the ESG program.

Item 5 – Eligible Applicants.

Add local public housing authorities and instrumentalities of government as eligible applicants.

Eliminate city or county governments applying on behalf of nonprofit service providers within their jurisdictions. This is a practice that no longer is utilized.

Item 6 – Eligible Activities.

Clarify what qualifies as eligible operating expenses.

Remove homelessness prevention as an eligible operating expense. Homelessness prevention was included in the past in order to align with the federal Emergency Shelter Grant rules prior to 2012, which allowed some limited homelessness prevention services. When HUD introduced the new Emergency Solutions Grant rules in 2012, it significantly expanded the type and breadth of assistance that qualified as homelessness prevention, including up to two years of direct rental payments to landlords, plus utility payments, security deposits, and more. If SAF were to continue to allow homelessness prevention assistance, it would likely need to follow current ESG rules, for both clarity and consistency among service providers, and to allow that portion of SAF funds to be used to offset the ESG matching requirement. However, following current ESG rules for homelessness prevention would entail a significant departure from the SAF statute.

Add hotel or motel vouchers as an eligible expense, where no appropriate shelter is available. This is consistent with ESG rules for shelter.

Add meals and food for shelter residents as an eligible expense that supports the operations of shelters, even if the meals or food are provided by a third-party agency.

Clarify what qualifies as eligible essential services. Essential services will include case management, child care, education services, employment assistance and job training, outpatient health services (to the extent that such health services are otherwise unavailable), legal services, life skills training, mental health services (to the extent that such mental health services are otherwise unavailable), substance abuse treatment services (to the extent that such substance abuse treatment is otherwise unavailable), and transportation (transportation that is necessary to provide services). These are consistent with qualifying essential services under ESG.

Add evaluation of services and HMIS (data system) implementation to align with 2011 change in Iowa Code.

Item 7 – Ineligible Activities.

Strike specific examples of ineligible activities. Anything not specifically listed as eligible will be considered ineligible.

Item 8 – Application Procedures.

Clarify that applications will be requested on an annual basis as long as funds are available.

Strike the list of minimum required application components. Application requirements and priorities will be established by IFA for each competition. Review criteria is listed in 41.7(1)a.

Item 9 – Application Review Process.

41.7(16) – Strike the joint application review process with the ESG program.

41.7(1) – Strike the reference to the State Consolidated Plan, as this is a plan intended for federal programs. Update review criteria.

41.7(3) and 41.7(6) – Unnecessary items removed for simplicity.

Item 10 – Matching Contributions.

Remove the possibility of requiring matching funds for SAF funds.

Instead, reserve a portion or all of SAF funds as match for the Emergency Solutions Grant (ESG) program. HUD allows ESG match to be made at the grant-level (the state) or the subgrant level (the recipients providing direct services). Currently, IFA requires match at the subgrant level. Many subgrantees struggle to meet the matching requirement. Using SAF as match at the grant level would reduce the ESG matching requirement that subgrantees have to provide.

Item 11 – Funding Awards.

41.9(1) – Remove reference to awards on behalf of multiple applicants. This was originally part of the rules based on a longstanding arrangement IFA had with a nonprofit agency that administered the program on IFA’s behalf, including issuing subawards. IFA now administers all awards directly with recipients.

Insert statement that IFA board of directors authorizes funding awards.

41.9(3) – Remove the reference to special purpose awards. Clarify instead that awards may be made for evaluation and HMIS data system purposes, apart from the usual application review process.

Item 12 – Requirements Placed on Recipients.

41.10(1), 41.10(3), 41.10(4), 41.10(5), 41.10(6) – Technical.

Added the following new provisions:

41.10(7) – Restrict using SAF funds for religious proselytizing, requiring attendance at religious services, or limiting or giving preference based on religion to persons seeking assistance.

41.10(8) – Prohibit involuntary family separation in shelter or denial of services based on the age or gender of children.

41.10(9) – Require that recipients follow federal lead-based paint rules in providing shelter.

41.10(10) – Require that recipients follow federal habitability standards for shelter.

41.10(19) – Provide that IFA may impose additional requirements through the request for applications, the grant contract, or other guidance materials.

Item 13 – Compliance with applicable federal and state laws and regulations.

41.11(16) and 41.11(1) – Technical.

41.11(2) – Instead of referencing federal auditing requirements, require that recipients obtain at least an annual independent review of financial statements by a CPA.

41.11(3) – Add conflict of interest restrictions for recipients.

Item 14 – Administration.

41.12(1), 41.12(2), 41.12(3), 41.12(4) – Technical.

41.12(5) – Some technical.

Add an additional remedy for noncompliance that IFA may prohibit a future award of funds.

IOWA FINANCE AUTHORITY[265]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 17A.3(1)“b” and 16.41, the Iowa Finance Authority hereby amends Chapter 41, “Shelter Assistance Fund,” Iowa Administrative Code.

The purpose of these amendments is to clarify the rules and update definitions.

Notice of Intended Action was published in the Iowa Administrative Bulletin on May 14, 2014, as **ARC 1459C**. The Authority received public comment on the proposed rules, As a result of the public comment, the Authority has made certain revisions to the rules as noticed by clarifying the definition of the term “homeless shelter” in rule 265 — 41.2(16) and clarifying rule 41.8 by stating the effect on recipients of counting SAF funding as a match for the federal Emergency Solutions Grant program. In response to comments from the Code Editor’s office, the Authority has also made certain clarifying changes to the rules as noticed.

The Iowa Finance Authority adopted these rules on June 19, 2014.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 16.41.

These rules will become effective on August 13, 2014.

The following amendments are adopted.

ITEM 1. Amend rule 265—41.1(16) as follows:

265—41.1(16) Purpose. The shelter assistance fund is created for the ~~purpose~~ purposes of ~~providing financial assistance for the~~ rehabilitation, expansion, or costs of operations

of group home shelters for the homeless and domestic violence shelters, evaluation of services for the homeless, and match moneys for federal funds for the homeless management information system.

ITEM 2. Adopt the following **new** definition of “Program participant” in rule **265—41.2(16)**:

“*Program participant*” means any person or family who is homeless or at risk of becoming homeless and who seeks assistance from a recipient and is provided assistance utilizing SAF funds.

ITEM 3. Rescind the definitions of “Emergency shelter,” “Homeless prevention,” “Operations,” “Subrecipient” and “Transitional housing” in rule **265—41.2(16)**.

ITEM 4. Amend the following definitions in rule **265—41.2(16)**:

“*Applicant*” means an eligible provider of ~~eligible~~ homeless services which is applying for ~~SAF~~ program funds.

“*ESG program*” or “*ESGP*” means the Emergency Solutions Grant Program created pursuant to Title 42 of the U.S. Code (42 U.S.C. Section 11375) as well as parts of Title 24 of the Code of Federal Regulations (24 CFR Part 576).

“*Homeless shelter*” means a facility ~~providing which provides~~ temporary ~~housing and services~~ shelter with overnight sleeping accommodations for homeless persons and which does not require occupants to sign leases or occupancy agreements. Any project awarded funds during federal fiscal year 2010 to provide shelter under the ESG program, or any project which was awarded SAF funds during federal fiscal year 2010, may continue to be funded in the shelter category under SAF.

“~~Private, nonprofit~~ Nonprofit organization” means ~~a secular or religious~~ an

organization ~~described in Section 501(c) of the Internal Revenue Code which:~~

1. ~~Is exempt from taxation under Subtitle A of the Internal Revenue Code, No part of the net earnings of which inure to the benefit of any member, founder, contributor, or individual;~~

2. ~~Has That has an accounting system and a voluntary board;~~

3. ~~Practices nondiscrimination in the provision of services to clients, and That has a functioning accounting system or has designated a fiscal agent that will maintain a functioning accounting system for the organization;~~

4. ~~That practices nondiscrimination in the provision of assistance; and~~

4. 5. ~~Has That has registered with the state of Iowa as a nonprofit corporation.~~

“Recipient” means any ~~private, nonprofit organization or city or county government~~ to which IFA distributes ~~shelter assistance fund~~ program funds.

“SAF” means shelter assistance fund ~~created in 2010 Iowa Acts, Senate File 2088, section 265~~ according to Iowa Code section 16.41.

“Value of the building” means the monetary value assigned to a building by an independent real estate appraiser or as otherwise reasonably established by the recipient ~~or subrecipient.~~

ITEM 5. Amend rule 265—41.3(16) as follows:

265—41.3(16) Eligible applicants. City governments, county governments, local public housing authorities, instrumentalities of government, and ~~private, nonprofit organizations~~ are eligible applicants under the SAF program. ~~City or county governments may apply on behalf of a nonprofit service provider within their jurisdictions when the nonprofit service provider serves homeless and near homeless clients by providing overnight shelter,~~

~~meals, clothing, transportation, counseling, child care, legal services, medical services, transitional housing services, and other related services for homeless individuals and families.~~

ITEM 6. Amend rule 265—41.4(16) as follows:

265—41.4(16) Eligible activities. ~~Activities assisted by the SAF~~ Eligible activities may include the following, where the activities are necessary to assist program participants:

1. Rehabilitation, renovation, or expansion of buildings for use in ~~the provision~~ of providing services for the homeless.

2. ~~Provision of normal~~ Normal operating expenses for ~~programs providing services to homeless individuals or families, including staff salaries, maintenance, insurance, utilities, furnishings, provision of essential services, provision of homeless prevention activities, administrative activities, and all other documented normal operating expenses.~~ homeless and domestic violence shelters, including staff salaries, maintenance (including minor or routine repairs), rent, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the shelter. Where no appropriate shelter is available for a homeless family or individual, eligible costs may also include a hotel or motel voucher for that family or individual. Eligible costs may also include the costs of third-party agencies' providing food either to one or more shelters or directly to program participants.

3. Essential services for individuals and families in homeless and domestic violence shelters, including case management, child care, education services, employment assistance and job training, outpatient health services (to the extent that such health services are otherwise unavailable), legal services, life skills training, mental health

services (to the extent that such mental health services are otherwise unavailable), substance abuse treatment services (to the extent that such substance abuse treatment is otherwise unavailable), and transportation (transportation that is necessary to provide services).

4. Evaluation of services for the homeless, including the implementation of the HMIS.

ITEM 7. Amend rule 265—41.5(16) as follows:

265—41.5(16) Ineligible activities. As a general rule, any activity that is not authorized under the provisions of ~~P.L. 100-628~~ rule 265—41.4(16) is ineligible ~~to be carried out with SAF program funds. The following are items specifically listed as ineligible in 24 CFR Part 576.~~

- ~~1. Acquisition or new construction of an emergency shelter for the homeless;~~
- ~~2. Rehabilitation administration, such as preparation of work specifications, loan processing, or inspections;~~
- ~~3. Renovation, rehabilitation, or conversion of buildings owned by primarily religious organizations or entities unless the activity complies with all requirements as outlined in 24 CFR Part 576.23(a) and (b).~~

ITEM 8. Amend rule 265—41.6(16) as follows:

265—41.6(16) Application procedures. IFA ~~may~~ shall issue requests for ~~proposals from eligible applicants as often as the state expects funding from HUD for the ESG program applications on an annual basis, as long as funds are available.~~ Requests for ~~proposals~~ applications may combine the ESG program with the SAF program. The ~~proposals must~~ applications shall be submitted on the forms or on-line system

~~prescribed by IFA and must, at a minimum, include the amount of funds requested, a description of the need for the funds, documentation of other available funding sources, the source of required local match for the ESG program, and the estimated number of persons to be served by the applicant. Maximum~~ Application requirements, priorities, and maximum and minimum grant awards will be established by IFA for each competition.

ITEM 9. Amend rule 265—41.7(16) as follows:

265—41.7(16) Application review process. ~~The application review process will be a joint process that combines the SAF program with the ESG program. The following procedures will be used in the review of applications for most purposes. IFA reserves the right to select an alternate application review process for SAF program funds only.~~

41.7(1) Review; threshold criteria; eligible activities.

a. Review of applications. Applications will be reviewed by a panel appointed by IFA. Applications will be reviewed based on priorities established during each competition round, ~~in accordance with the state of Iowa consolidated plan for housing and community development. Applicant experience and capacity, as well as past performance, are top priorities. Other review~~ Review criteria include, but are not limited to, program design, applicant experience and capacity, community partnerships and need, ~~program accessibility, program partnerships, the number of persons or households served, and how well the program leverages other resources~~ performance, and budget and grant management.

b. Threshold criteria. IFA will identify threshold criteria that all programs ~~must~~ are required to meet in order to be eligible.

c. Activities eligible during funding cycle. Each competition round will specify

which of the total eligible program activities will be supported ~~during that competition round.~~

41.7(2) If an application contains an activity determined to be ineligible, at IFA's discretion, the ineligible activity may be deleted from the application ~~or referred to another funding source~~ or the application may be disqualified.

~~—41.7(3) IFA reserves the right to negotiate directly with the applicant to determine the priority of funding requested within the application.~~

41.7(4) ~~41.7(3)~~ Before making final funding recommendations, IFA staff may review applications with other state agencies or other groups with expertise in the area of serving homeless persons ~~before making final funding recommendations.~~ Consultation with other agencies is intended to avoid duplication and promote maximum utilization of funding sources.

41.7(5) ~~41.7(4)~~ Based on the review process, IFA may revise the overall funding request by activity or funding level and recommend a final funding figure to the IFA board of directors for approval.

~~—41.7(6) IFA reserves the right to negotiate all aspects of a funding request prior to final approval.~~

41.7(7) ~~41.7(5)~~ IFA shall establish the period of funding for each competition.

ITEM 10. Amend rule 265—41.8(16) as follows:

265—41.8(16) Matching requirement contributions. ~~Subrecipients may be required to provide a match for SAF program funds. The rules of each competition will specify what, if any, match is required.~~ IFA reserves the right to designate a portion or all of SAF funds to be used toward the matching contributions requirement imposed by HUD for ESG

funds received by the state of Iowa. If SAF funds are designated as ESG matching contributions, they may not also be available to meet matching requirements of other grant moneys received by recipients. Recipients will be informed if SAF funds have been used toward the ESG matching requirement and will be responsible for ensuring compliance with the matching requirements of other grant programs. The designation of any portion of SAF funds as ESG matching contributions does not change the amount, type, or recipient of any award; however, it may affect a SAF grantee's potential to use SAF grant funds to meet the matching requirements of certain other grant programs.

ITEM 11. Amend rule 265—41.9(16) as follows:

265—41.9(16) Funding awards.

~~41.9(1) Awards on behalf of multiple applicants. Authorization. A city or county government or nonprofit organization may be designated, at the discretion of IFA, to administer contracts for multiple applicants within a prescribed geographic area. The IFA~~
board of directors authorizes funding awards during each application cycle.

41.9(2) Right to negotiate. IFA reserves the right to negotiate the amount of the funding award, the scale of the project, and alternative methods for completing the project.

41.9(3) Special purpose awards. IFA may, at its discretion, ~~award any remaining funds as it sees fit within the SAF program regulations~~ make funding awards for evaluation of services for the homeless, including the implementation of the HMIS, apart from the application procedures and application review process for other activities.

ITEM 12. Amend rule 265—41.10(16) as follows:

265—41.10(16) ~~Restrictions~~ Requirements placed on recipients and subrecipients.

41.10(1) ~~*Use as provider of homeless services*~~ *Building use.* Any building for which SAF program funds are used must be maintained as a provider of homeless services for not less than a three-year period or for not less than a ten-year period if the funding amounts are used for major rehabilitation or conversion of the building. If SAF program funds are used for operating ~~and maintenance~~ costs, the recipient ~~must~~ is required to continue to provide homeless services for at least one year. In calculating the applicable time period, the beginning dates of the three- and ten-year periods are determined as follows:

a. In the case of a building that was not operated as a provider of services for the homeless before receipt of SAF program funds, on the date of initial occupancy as a provider of services to the homeless.

b. In the case of a building that was operated as a provider of services to the homeless before the receipt of SAF program funds, on the date that those funds are first obligated to the homeless service provider.

41.10(2) *Building standards.* Any building for which SAF program funds are used for renovation, conversion, rehabilitation, or major rehabilitation must comply with all state and local building codes and ordinances and any other applicable legal requirements.

41.10(3) *Participation by homeless individuals and families.* To the maximum extent possible, SAF program ~~subrecipients must~~ recipients are required to involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted with SAF funds, in providing services assisted with SAF funds, and in providing services for occupants of

facilities assisted with SAF funds.

41.10(4) *Termination of assistance and grievance procedure.* ~~Subrecipients must~~ Recipients shall establish and implement a formal process to terminate assistance to individuals or families who violate program requirements. This process ~~must~~ shall include a hearing that provides individuals a full opportunity to address issues of noncompliance.

41.10(5) *Data reporting system.* Recipients ~~and subrecipients~~ shall participate in the HUD-approved ~~Homeless Management Information System (HMIS)~~ adopted by IFA as required in the executed contract, unless the recipient ~~or subrecipient~~ qualifies as a domestic violence shelter, in which case the recipient ~~or subrecipient~~ shall participate in required data collection and reporting activities using a comparable database as defined by HUD (~~HUD HMIS Data Standards, Revised Notice March 2011~~).

41.10(6) *Ensuring confidentiality.* ~~Subrecipients must~~ Recipients shall develop and implement procedures to guarantee the confidentiality of records pertaining to any individual to whom family violence prevention or treatment services are provided. In addition, the address or location of any family violence shelter shall not be disclosed to any person except with written authorization of the shelter director.

41.10(7) *Requirements for religious organizations.* Recipients shall not engage in religious proselytizing or counseling using SAF funds, nor require attendance at religious services as a requirement or condition to receive assistance with SAF funds, nor limit services or give preference to persons seeking assistance with SAF funds on the basis of religion.

41.10(8) *Prohibition against involuntary family separation.* If a shelter provides

services to families with children under the age of 18, the age of a child under the age of 18 shall not be used as a basis for denying any family's admission to shelter.

41.10(9) *Lead-based paint.* Recipients shall follow the federal rules for lead-based paint, including the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations in 24 CFR Part 35, Subparts A, B, H, J, K, M, and R, which apply to all shelters occupied by program participants.

41.10(10) *Habitability standards.* Recipients shall follow the federal rules for habitability, ensuring that shelters funded with SAF adhere to minimum habitability standards for being safe, sanitary, and adequately maintained, according to the regulations at CFR Part 576.403. Standards include considerations for the following: (1) structure and materials, (2) access, (3) space and security, (4) interior air quality, (5) water supply, (6) sanitary facilities, (7) thermal environment, (8) illumination and electricity, (9) food preparation, (10) sanitary conditions, and (11) fire safety.

41.10(11) *Other requirements.* IFA may, at its discretion, impose additional requirements on recipients, which will be described in the request for applications, the grant contract, or other guidance materials issued from time to time.

ITEM 13. Amend rule 265—41.11(16) as follows:

265—41.11(16) Compliance with applicable federal and state laws and regulations.

All recipients ~~and subrecipients must~~ shall comply with the Iowa Code ~~governing with respect to~~ activities performed under this program. Use of SAF program funds ~~must~~ shall comply with the following additional requirements.

41.11(1) *Nondiscrimination and equal opportunity.* All recipients ~~and subrecipients~~

~~must~~ shall comply with the following:

a. The requirements of Title VIII of the Civil Rights Act of 1968, 42 U.S.C. Sections 3601-19 and implementing regulations; Executive Order 11063 and implementing regulations at 24 CFR Part 107 (June 1, 1999); and Title VI of the Civil Rights Act of 1964 (42 U.S.C. Section 2002d) and implementing regulations at 24 CFR Part 1 (June 1, 1999).

b. Affirmative action requirements as implemented with Executive Orders 11625, 12432, and 12138 which require that every effort be made to solicit the participation of minority and women business enterprises (MBE/WBE) in governmental projects.

c. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. Sections 6101-07).

d. The prohibitions against discrimination against disabled individuals under Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act.

41.11(2) ~~*Auditing- Review of financial statements.*~~ ~~All recipients and subrecipients must comply with auditing requirements as outlined in the Single Audit Act of 1996 and the implementing regulations found in OMB Circular A-133.~~ All recipients shall obtain from an independent certified public accountant an annual audit or an annual independent review of the agency's financial statements.

41.11(3) *Conflict of interest.* No person who exercises or has exercised any functions or responsibilities with respect to activities assisted under the SAF program, or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may obtain a financial interest or benefit from an assisted activity; have a financial interest in any contract, subcontract, or

agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either for the person or for those with whom the person has immediate family or business ties, during the person's tenure or during the one-year period following the person's tenure. Persons covered shall include any person who is an employee, agent, consultant, officer, or elected or appointed official of the recipient.

ITEM 14. Amend rule 265—41.12(16) as follows:

265—41.12(16) Administration.

41.12(1) *Contracts.* Upon selection of an application for funding, IFA will ~~either initiate a contract or authorize a recipient to initiate a contract on IFA's behalf. If a local city or county government or a nonprofit organization is designated as the recipient, the subrecipients~~ Recipients shall remain responsible for adherence to the requirements of the SAF program rules. These rules and applicable federal and state laws and regulations ~~become~~ shall be deemed to be part of the contract. Certain activities may require that permits or clearances be obtained from other state agencies before the start of the project. Funding awards may be conditioned upon the timely completion of these requirements.

41.12(2) *Record keeping and retention.* Financial records, supporting documents, statistical records, and all other records pertinent to the funded program shall be retained by the recipient and ~~the subrecipient. Private, nonprofit subrecipients covered through an SAF program contract from a local city or county government or nonprofit organization are responsible for ensuring that pertinent records of their SAF program funds be made available to the administering city or county or nonprofit organization and to IFA upon request. Proper record retention must~~ shall be in accordance with the following:

a. Records for any assisted activity shall be retained for five years after the end of the grant period and, if applicable, until audit procedures are completed and accepted by IFA.

b. Representatives of the state auditor's office and IFA shall have access to all books, accounts, documents, records, and other property belonging to or in use by a recipient ~~or a subrecipient~~ pertaining to the receipt of assistance under these rules.

41.12(3) Reporting requirements. Recipients ~~and subrecipients~~ shall submit reports to IFA as prescribed in the contract. Reports include:

a. HMIS data reports. All recipients ~~and subrecipients~~ of SAF program funds are required to submit regular reports on clients served using the current HMIS reporting process as prescribed by IFA unless a recipient ~~or subrecipient~~ qualifies as a domestic violence shelter, in which case the recipient ~~or subrecipient must~~ shall submit reports using a comparable database. A comparable database must collect client-level data over time and generate unduplicated aggregate reports based on that data.

b. Requests for funds. Recipients ~~and subrecipients must~~ shall submit requests for funds during the contract year at intervals and using forms as prescribed by IFA. IFA may perform any review or field inspections it deems necessary to ensure program compliance, including review of recipient ~~and subrecipient~~ records and reports. When problems of compliance are noted, IFA may require remedial actions to be taken. Failure to respond to notifications of need for remedial action may result in the remedies for noncompliance set forth in subrule 41.12(5).

41.12(4) Amendments to contracts. ~~Contracts may be amended on an individual basis in emergency situations.~~ Any request to amend a contract ~~must~~ shall be submitted in

writing to IFA. IFA will determine if the request to amend is justified based on the material presented in the letter of request. No amendment is valid until approved in writing by IFA.

41.12(5) Remedies for noncompliance. At any time, IFA may, for cause, find that a recipient ~~or subrecipient~~ is not in compliance with the requirements under this program. Reasons for a finding of noncompliance include, but are not limited to, the recipient's ~~or subrecipient's~~ use of program funds for activities not described in its application, the recipient's ~~or subrecipient's~~ failure to complete approved activities in a timely manner, the recipient's ~~or subrecipient's~~ failure to comply with any applicable state or federal rules or regulations, or the recipient's ~~or subrecipient's~~ lack of continuing capacity to carry out the approved program in a timely manner. At its discretion, IFA may employ any of the following remedies for noncompliance:

a. Issue a warning letter stating that continued failure to comply with program requirements within a stated period of time will result in a more serious action.

b. Condition a future award.

c. Direct the recipient ~~or subrecipient~~ to stop incurring costs with grant funds.

d. Require that some or all of the awarded funds be remitted to the state.

e. Reduce the level of funds the recipient ~~or subrecipient~~ would otherwise be entitled to receive.

f. Elect not to provide future award funds to the recipient ~~or subrecipient~~ until appropriate actions are taken to ensure compliance.

g. Prohibit a future award of funds.

ITEM 15. Amend **265—Chapter 41**, implementation sentence, as follows:

These rules are intended to implement Iowa Code ~~section~~ sections 16.5(1) “r”
and ~~2010 Iowa Acts, Senate File 2088, division XXII~~ 16.41.

Respectfully submitted,

David D. Jamison, Executive Director
By Authority of the Board of the Iowa Finance Authority

Date